

Message Text

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ACTION PM-07

INFO OCT-01 EUR-25 ISO-00 AID-20 IGA-02 OMB-01 ABF-01

TRSE-00 EB-11 MC-02 CIAE-00 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 DRC-01 /174 W
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R 261614Z OCT 73

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 7064

INFO SECDEF

USCINCEUR

C O N F I D E N T I A L MADRID 6228

E.O. 11652: GDS

TAGS: MASS SP

SUBJ: IMPACT OF MILITARY ASSISTANCE FUNDS REDUCTIONS

REF: (A) STATE 200320 (B) MADRID 3362

1. REF A PROVIDES GLOBAL FIGURES ONLY. DIFFICULT FOR US TO ESTIMATE WITH ANY PRECISION LIKELY IMPACT OF REDUCTIONS POSITED WITHOUT CLEARER IDEA OF HOW MUCH SPAIN'S SLICE WOULD BE AFFECTED.

2. IN GENERAL, HOWEVER, IN JUDGING IMPACT OF PROSPECTIVE MAQ CUTS GENERAL CONSIDERATIONS OUTLINED IN PARA TWO, REF B, STILL APPLY. SMALL VOLUME OF US MILITARY AID, WHEN VIEWED AS OVERALL TOTAL SPANISH DEFENSE ASSISTANCE, IS OF SLIGHT ECONOMIC SIGNIFICANCE. BUT IT CONTINUES TO BE OF CONSIDERABLY GREATER IMPORTANCE IN POLITICAL TERMS BECAUSE SPANISH STILL REGARD IT AS TOUCHSTONE OF US GOOD FAITH IN LIVING UP TO 1970 CONTRACTUAL COMMITMENTS AND AS MODEST BUT VISIBLE SYMBOL OF US INVOLVEMENT WITH AND ACCEPTANCE OF SPAIN AS DEFENSE PARTNER. PROJECTED FY 1974 GRANT MILITARY ASSISTANCE OF ABOUT \$5 MILLION (INCLUDING
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\$2.0 MILLION SUPPLY OPS) WOULD HAVE PROVIDED LAST

OF MAJOR MILITARY EQUIPMENT ITEMS PROMISED SPAIN AS QUID AND, AS SUCH, WOULD HAVE BEEN FINAL INSTALLMENT PAYMENT ON EQUIPMENT DUE UNDER OBLIGATIONS ACCEPTED IN 1970. WHILE AMOUNT IS SMALL, IT IS NO LESS IMPORTANT IN POLITICAL TERMS THAN EARLIER, LARGER INSTALLMENTS.

3. WE INTERPRET PARA 5 TO MEAN DEPARTMENT NOW EXPECTS TO HAVE DURING FY 1974 ONLY \$544 MILLION INSTEAD OF REQUESTED \$625 MILLION FOR MAP, SHORTFALL OF ABOUT TWENTY PERCENT. IF CUT APPLIED UNIFORMLY ACROSS BOARD, MAP FOR SPAIN IN FY 1974 COULD BE ABOUT ONE MILLION DOLLARS BELOW \$5.0 PROJECTED FIGURE. (REF A SUGGESTS CUTS COULD BE OF EVEN GREATER MAGNITUDE). CUT OF THIS SIZE NOT LIKELY TO BE OVERLOOKED BY SPANISH. IT WOULD ALSO BE UNFORTUNATELY TIMED, MAKING ITSELF FELT DURING PERIOD WHEN NEGOTIATION OF REVISION OF 1970 ACCORDS WILL BE STARTING IN EARNEST. THERE IS CLEAR RISK THAT SPANISH MAY ATTRIBUTE UNINTENDED POLITICAL SIGNIFICANCE TO REDUCTIONS (SUCH AS REPRISAL FOR OPPOSITION TO USE OF BASES IN MIDDLE EAST CONFLICT). SIMILARLY, CUTS MAY MOTIVATE SPANISH IN IMPENDING NEGOTIATIONS TO PRESS FOR TIGHTER ASSURANCES IN NEXT AGREEMENT AGAINST WHAT THEY SEE AS NON-COMPLIANCE BECAUSE OF FAGARIES OF US APPROPRIATIONS PROCESS. EVEN WITH QUESTIONABLE ASSUMPTION THAT WE COULD MAKE UP SHORTFALLS IN FY 1975, ADVERSE POLITICAL IMPACT WOULD NOT BE ENTIRELY ERASED. AT SAME TIME, DELIVERIES OF EQUIPMENT UNDER 1970 COMMITMENTS WOULD BE FURTHER DELAYED BEYOND FIVE-YEAR SPAN OF AGREEMENT ITSEL.

4. REDUCTION IN TRAINING, IF APPLIED TO SPAIN, WOULD REDUCE FURTHER FUNDS THAT ARE ALREADY SUBSTANTIALLY BELOW LEVEL NEEDED TO MEET PROGRAMMED TRAINING. MUCH OF PROJECTED TRAINING CANNOT BE VIEWED IN ISOLATION FROM MAP AS IT SUPPORTS EFFECTIVE USE AND MAINTENANCE OF US EQUIPMENT GIVEN AS QUID. WHILE AMOUNT OF TRAINING FUNDS PROGRAMMED FOR SPAIN CONSIDERABLY SMALLER THAN AMOUNT FOR MAP, WE WOULD RUN SAME RISK THAT CUTS WOULD BE GIVEN UNINTENDED INTERPRETATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EXPENDITURES, FOREIGN ASSISTANCE APPROPRIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MADRID06228
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS RIVERO
Errors: N/A
Film Number: n/a
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731010/aaaaagto.tel
Line Count: 99
Locator: TEXT ON-LINE
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) STATE 200320 (B) MADRID 3362
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01-Oct-2001 by kelleyw0>; APPROVED <30-Nov-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPACT OF MILITARY ASSISTANCE FUNDS REDUCTIONS
TAGS: MASS, SP
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005